Oversight Hearing
Subcommittee on Water and Power
House Committee on Resources
Operations of the Water Delivery System: the CALFED Record of Decision - and Anticipated Water Deliveries for 2002

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The Subcommittee has invited testimony on two related points: meeting California's urban, agricultural, and environmental water needs in the 21st Century, and the administrative, operational, and legislative changes that would help meet the goals of water supply and reliability set forth in the CALFED Record of Decision. These are topics that are being addressed by the CALFED Program and the Department of Water Resources. Governor Davis stands strongly for a successful CALFED implementation in all its components.

Issue 1: Given that present and future demands of urban, agricultural, and environmental needs exceed the capacity of the project, where do we find solutions to reliably meet these needs in the 21st Century?

The first issue identified by the Subcommittee mentions limitations of "the project." My responses address the issue in the context of the entire State, with of course significant implications to the future of the federal Central Valley Project (CVP) and the California State Water Project (SWP).

The Department of Water Resources (DWR) has the statutory requirement to update the California Water Plan every five years. Our last update was in 1998, and we are on track to produce the next update in 2003. DWR has embarked on a fundamentally new approach, scope, and process for preparing the *California Water Plan Update 2003* (Bulletin 160-03). The update will be California's plan to meet the State's future water needs, a useful reference for water planners and decision-makers, and a living document that integrates statewide and local planning initiatives. The update is being prepared with an unprecedented level of input from stakeholders. Attached to our testimony is a short status report on this effort.

As indicated in CALFED Executive Director Patrick Wright's testimony, meeting future water needs - and in fact meeting present water needs in dry years - will require a wide range of efforts in addition to developing new water supplies. While CALFED programs are at the center of much being done in California to meet future needs, other activities are underway as well. One of these addresses Colorado River issues. California's draft Colorado River Water Use Plan is intended to demonstrate how California will reduce its use of river water over time to the State's basic apportionment, in response to the increased reliance upon the Colorado by its neighboring Lower Basin states. The availability of water formerly unused by Nevada and Arizona, as well as hydrologic surplus conditions, has historically allowed California to use some 800 thousand acre-feet annually in excess of its basic apportionment.

The U. S. Bureau of Reclamation (USBR) Interim Surplus Criteria for river operation are designed to reduce the risk of shortages to California's urban water users while initial elements of the draft Plan are being implemented. These elements include transfers of conserved agricultural water to urban areas (such as the

existing transfer between the Imperial Irrigation District and the Metropolitan Water District of Southern California, and the proposed IID-San Diego transfer), canal lining programs to conserve water now lost to seepage, and groundwater storage programs. The State of California has executed agreements providing $235 million in financial assistance to local water users for lining the remaining unlined portions of the Coachella and All American Canal, and for MWD's Hayfield groundwater storage project.

In addition there are initiatives being undertaken at the local level to develop more regional self-sufficiency and more local control. For example, MWD has developed the multi-billion dollar Diamond Valley Reservoir and Inland Feeder projects which allow them to much more efficiently use their water supplies from both the Delta and the Colorado River. We and local agencies are also aggressively pursuing water conservation and reclamation to use existing water supplies much more efficiently. The funding, leadership and public focus provided through the CALFED Bay-Delta Program has greatly advanced efforts in the area of water use efficiency. California voters have provided very strong monetary support.

Issue 2: In your opinion what administrative or operational changes, consistent with existing law, or legislative changes can be made to meet the goals of water supply and reliability set forth in the CALFED Record of Decision?

There are many elements of the CALFED long-term plan that will increase water supply reliability, including new or expanded water storage and a strong water use efficiency program. There are also near-term actions related to facilities and operations that the State of California is taking to improve water supply reliability, including benefits for the Central Valley Project. I will describe these operational tools as well as some longer-term actions that are not directly related to water project operations, but which are essential to maintaining and improving water supply reliability in California.

Some of the near-term actions relate to an arrangement between the State Water Project and the Central Valley Project called "Joint Point of Diversion" (JPOD, or "Joint Point"). Under California water rights law, each water project is permitted to draw water from the Delta at its own pumping facility. There are times when it is advantageous for one project to draw water from the Delta using the pumping plant of the other project. This is physically possible because the projects' distribution systems are joined "downstream" from the two pumping plants. In fact, we share the capacity of the San Luis Reservoir south of the Delta, where Delta water is pumped into storage for later delivery to water users in the San Joaquin Valley and southern California. Joint Point is an institutional arrangement, permitted by the California State Water Resources Control Board, that allows the projects to use the two separate pumping plants as if they were jointly-held facilities. However, this arrangement comes with conditions requiring that actions be taken to prevent the use of Joint Point from incrementally affecting the water supply capabilities of water users in the south Delta or fish and wildlife. We have developed the response plans for the use of Joint Point. Once these plans have been approved by the SWRCB, the use of Joint Point for this year will be in place.

In theory, either project may pump water for the other. In practice, it is the State Water Project that more often pumps water for the Central Valley Project since our project has greater pumping and conveyance capacity than the CVP. The two projects have used Joint Point for many years to increase water deliveries for CVP customers and to facilitate other water transfers across the Delta. Over the past 20 years, the SWP has pumped more than 4.9 million acre-feet for the CVP. This is water that would otherwise not have been available to CVP contractors and other users south of the Delta. During this 20-year period, annual pumping at SWP facilities for the CVP has averaged nearly 250 thousand acre-feet, and ranged up to a high of 499 thousand acre-feet.

NEAR-TERM ACTIONS RELATED TO FACILITIES AND OPERATIONS

Clearly, use of Joint Point is very beneficial to the CVP. The benefits are likely to increase over time, because the SWP is working on projects in the Delta that will provide increasing water supply benefits throughout the first stage of CALFED implementation by increasing our pumping capabilities. These include the South Delta Improvements Program and the Temporary Barriers Program.

The South Delta Improvements Program

The South Delta Improvements Program (SDIP) proposes 1) facilities in the channels of the south Delta to improve local farmers' ability to divert water, and 2) improvements to the State Water Project which will increase the reliability and quantity of water supply pumped from the Delta. It is the first CALFED project implemented to increase water supply exported from the Delta.

The first action under the SDIP will be taken next year and will increase the Delta export limit of the SWP to 8500 cfs, an increase of almost 30% at some times of the year. The SWP will not be the only beneficiary of this action. There will be increased opportunity for the CVP and CALFED's Environmental Water Account (EWA) to use the SWP facilities either to transfer water from upstream storage or capture excess water in the system. Preliminary studies of the potential water supply benefit indicate the CVP will receive an annual average benefit of 35,000 acre-feet. This is about 20% of the total preliminary benefit estimate. The opportunity for private parties to transfer water across the Delta will also increase. Finally, increasing the export limit improves the ability to protect fish by providing more opportunities to recover pumping reductions conducted for fish protection. Of course this is in addition to the additional fish protective measures that will be developed as part of our work in the Delta.

The next step of the SDIP to increase Delta water supply is to raise the export limit to the maximum amount the SWP can convey: 10,300 cubic feet per second. This will match our pumping capabilities with the capacity of the California Aqueduct. This increase would begin as new, screened export facilities become operational, possibly as early as 2006. Once again, the CVP will benefit from the increase due to the improved opportunity to transfer water from upstream storage or capture excess water in the system. Opportunities for the EWA (or an equivalent type of account), flexing operations to protect fish, and private-party water transfers are also expected to increase.

The Temporary Barriers Program

The SWP has and continues to help the CVP delivery reliability by improving conditions for local diverters in the south Delta. SWP and CVP exports contribute to low water levels in south Delta channels, reducing or preventing agricultural diversions from the channels. Due to the restricted ability of the CVP to adjust the export rate at its pumping plant, the CVP has a much greater impact upon water levels than the SWP.

Low water levels can prevent the use of Joint Point. DWR is the principal agency taking action to improve these conditions. The actions include extensive dredging of channels surrounding the CVP export facility in the south Delta to improve recreational navigation completed in 2000 and site specific improvements to local diversions taken in 2001 at a total cost of $3.7 million. DWR has committed $400,000 per year to continue site-specific diversion improvements. The USBR has no such program, although they provided land for dredge disposal last year.

Water Allocations for 2002

As water managers, we strive to meet our customers' needs every year, but weather and hydrology do not always allow us to deliver the full amount that our customers request. The last water year was a challenging one for the SWP. Due to water storage conditions, SWP percentage allocations last year were even less than the CVP.

For water year 2002, the initial allocations we made in December 2001 were significantly lower than the past few years, primarily due to preceding dry conditions. Runoff in 2001 was significantly below normal for the first time in the past seven years. Last month we were able to increase the SWP allocations from 20% to 45% due to the above average rain and snow during December. Since then, we have had dry conditions. Our ability to deliver any more than 45% to our contractors this year will depend largely on the weather in the next two months.

As water managers, we realize that our ability to meet our customers' needs is based partly on our water supply infrastructure, partly on our ability to operate our facilities in creative and collaborative ways, and partly on what nature gives us.

Additional Actions

CALFED provides a forum for State and federal agencies to work together collaboratively to find ways to meet our various objectives. We are working with the USBR to identify and implement actions that will help meet water supply goals in the ROD, consistent with other aspects of the CALFED program.

LONGER-TERM ACTIONS ESSENTIAL TO WATER SUPPLY RELIABILITY

Finally, I would like to describe a few elements of the CALFED program that are not part of the bricks-and-mortar water supply infrastructure, but are nevertheless essential to improved water supply reliability in California. These are CALFED elements that will improve our ability to operate our facilities in creative and collaborative ways. They include:

- the CALFED Science Program which will allow us to learn more about the system and rapidly apply what we learn,
- the Environmental Water Account that is identified in the ROD as an essential component of meeting the water supply goals expressed in that document,
- passage of federal authorizing legislation and secure funding for the CALFED program, and
- response to court decisions in a manner consistent with the CALFED program and its approach.

I will address each separately.

The CALFED Science Program

The CALFED Science Program is integrating objective science and unbiased peer review into every aspect of the CALFED program, developing the best scientific information possible to guide decisions and evaluate actions. DWR is committed to rapidly integrate into real-time operations the better science we are getting through CALFED. At a basic level, this means conducting exhaustive real-time monitoring of Delta channels for fish species of concern, particularly during the spring months when the potential for conflict between water operations and fish protection is the greatest. When fish will be harmed by our operations, we can use some of the new tools that CALFED provides, such as the Environmental Water Account, to protect fish and water users.

Water supply reliability in the Delta is directly linked to our knowledge of endangered species population dynamics. The so-called "take limits" are based in some cases on generalized understandings or theories on how fish losses at the export pumps affect species populations. The SWP and CVP are doing their part to develop the best possible screens and fish handling facilities. There is a federal test facility under development at Tracy and plans to apply the knowledge we gain from that facility to the design and construction of screens that are subsequently installed as part of the South Delta Improvements Program. With better fish screens also needs to come refinement in our understanding of the effect that our facilities have on Delta fish species at the population level. The bottom line is we all need to work together to achieve the CALFED goal of recovery of at-risk species dependent on the Delta, and we need to have better ways of prioritizing actions and measuring success.

The Environmental Water Account

The Environmental Water Account is included in the CALFED ROD as a four-year experiment. We need to continually ask ourselves how well the EWA is doing its job, so that at the end of four years we can make an informed science-based decision on whether the EWA should be a long-term part of the CALFED Program. To help assess the success of the EWA, CALFED has pledged to convene an independent science panel each year during the four-year experiment. The panel has reviewed the first year of EWA operations and offered positive findings and constructive suggestions for improvement.

The CALFED ROD correctly observed that there would be almost no "bricks and mortar" improvements in our water supply infrastructure during the first few years of the program, so implementation of the EWA is essential to improve water supply. To that end, California has provided over $87 million for the first two years of EWA operation, about 80% of the total EWA funding.

Under the CALFED ROD the combined actions taken under Central Valley Project Improvement Act (CVPIA) Section 3406 (b)(2) and the EWA together secure commitments from the State and federal fishery agencies. These commitments are that additional measures to protect fish at the expense of the water supplies of both the CVP and SWP will not be taken under the State or federal endangered species acts unless truly unforeseeable events occur. (A third tier of protection involving actions needed to prevent immediate jeopardy to the continued existence the species could be invoked in such circumstances.) Neither b2 nor EWA alone is sufficient to secure the CALFED ROD commitments to water supply reliability of the CVP and SWP. Without EWA the water supplies of both the CVP and SWP will be affected. The EWA deserves strong support from the Congress, since it ties directly to the water supply reliability focus of this oversight hearing.

Authorizing Legislation and Secure Funding

During CALFED's planning stage it was possible for the program to function effectively as an informal, cooperative interagency effort. As we begin to implement the long-term plan, various State or federal agencies have taken the lead on various CALFED programs and projects. As we do so, we run the risk of narrowing our focus too much on specific actions or objectives of the CALFED Program. I remember history very well, and we do not want to repeat it: CALFED exists because State and federal agencies all wore institutional blinders back in the early 1990's, and that single-focus mentality caused us all to fail in meeting our objectives.

That is why we need CALFED as a permanent entity to draw us together and balance the range of

objectives that we individually strive to achieve. In order to play that role, and keep us on the road to success, CALFED needs to be a real entity with a secure funding stream. These are areas where Congressional action is essential.

Responding to Court Decisions

As always, the courts play a role in water issues. The Federal District Court in Fresno has played a role the past few years regarding litigation over implementation of Section 3406(b)(2) of the CVPIA. On February 5 Judge Wanger ruled on several issues which will have significant implications on CVP water operations beginning this year, likely firming up water supply reliability which has been a major issue confronted by the Subcommittee.

Arguments in court, as we understand them, pit water supply reliability against fish protection. This does not have to be a "zero sum game" as some will represent. To provide both water supply reliability and fisheries protection, it will be critical to employ the "adaptive management" tool in the CALFED arsenal. While the issue is not yet settled, a first challenge will be how to deal with Endangered Species Act "assurances" for water project operations during 2002.

Whenever there is court ruling that affects our ability to meet water needs, or there is a dry year, or a conflict between water delivery and fish protection, we will be at a crossroads where our previous approaches may no longer serve us well. At these times we need to adapt our actions in ways that allow us to meet all the CALFED objectives. Failing in any of the objectives just invites further litigation by one side or another.

To summarize, California is moving vigorously to expand our ability to use Joint Point to benefit the CVP, the Environmental Water Account as well as overall water transfers. Our efforts include short-term actions that maintain our ability to use Joint Point, and improvements that would allow us to pump more water using this tool. We must do this responsibly and in compliance with specific provisions of State law. We are ready to work collaboratively with our peers at USBR to help implement other short-term actions that will improve water supply consistent with the CALFED Program. In the longer term, water supply reliability depends not only on new facilities and improved efficiency, but on the application of sound science to the process, new tools such as the Environmental Water Account with the assets needed to do its job, a permanent CALFED entity with secure funding, and an unwavering commitment to the balanced implementation of the entire CALFED program - especially in the face of the inevitable litigation.

I would be glad to answer questions from the Subcommittee.

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